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ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

PROBLEMS OF FURTHER REFINEMENT OF ECONOMIC PLANNING, MANAGEMENT

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 9, Sep 82 pp 57-65

[Article by V. Kirichenko, doctor of economic sciences: "On Some Problems of a Further Improvement of Economic Planning and Management"]

[Text] The decisions of the 25th and 26th CPSU Congresses set forth a full-scale program for improving the economic mechanism in a developed socialist society. It proceeds from a broad interpretation of the socialist economic mechanism which includes planning as the basic element, economic stimulation, the organizational structures and methods of management, and the development of the initiative and creative activity of the workers.

This program envisages: an increased role for long-term planning and, above all, for the 5-year plan as the basic form of planning; a strengthening of the social orientation of plans; a rise in the level of the overall nature of planning decision substantiations on the basis of strengthening summary economic planning, perfecting the balance method, and developing inter-branch and special-purpose program planning; a more consistent orientation of the system of indicators, assignments, and planning normatives toward the achievement of the greatest possible final economic results; an effective combination of economic, branch, and territorial planning; a broadening of the independence of the basic production units--associations and enterprises--on the basis of a consistent development of cost accounting; and the use in planning and management of mathematical economic methods, modern computer equipment, and, above all, automated planning calculation systems.

As is known, the problems of improving planning and its organization and system of indicators, and of a further development of cost accounting principles in the functioning of associations and enterprises are laid bare in their full and concrete form in the 12 July 1979 Decree of the CPSU Central Committee and USSR Council of Ministers, "On an Improvement of Planning and a Strengthening of the Influence of the Economic Mechanism on Improving Production Efficiency and the Quality of Work." During the period which has passed since then planning agencies, branch ministries, associations, and enterprises have done a substantial amount of work to introduce the measures stipulated by the plan into practice. At the same time, their consistent and overall realization continues to be a major economic and political task.

L. I. Brezhnev noted at the November (1981) Plenum of the CPSU Central Committee: "We are speaking correctly about the new demands which the current stage of the development of the economy is making. But, unfortunately, the style of economic work and of economic thought, planning methods, and the management system are not being reorganized with sufficient energy," and the decree which has been adopted is being introduced "slowly and half-heartedly."* Consequently, what is most needed is more active and purposeful work by ministries and departments and enterprises and associations to realize the decree on a further improvement of planning and of the economic mechanism and of management.

At the same time, profound substantiations are needed for the adoption of a number of economic planning and managerial decisions for the future, as is a strengthening of the positions of centralized planning in the most important spheres of economic activity. In this connection, some proposals which have been developed in the Scientific Research Institute of Economics at Gosplan USSR will be set forth.

Without touching upon all of the important reasons for the slow and insufficiently effective introduction of new methods of organizing economic work, it will be useful, in our view, to emphasize one especially significant reason--the predominance of a departmental approach to the realization of measures on improving the economic mechanism. Thus, the indicators stipulated by the decree on improving planning and the economic mechanism (normed net output, wage norms per ruble of output, and the normative distribution of profits) were introduced unevenly and without sufficient coordination into the practice of the economic work of the enterprises and associations of the different ministries. Under the influence of ministries a procedure was established which permitted incentives for the executive workers of enterprises and associations even with a 10 percent underfulfillment of the deliveries plan and of contract commitments, while a rise in the level of deliveries and commitments discipline is one of the central ideas of the entire system of measures to improve planning and economic stimulation at the current stage. In practice, the possibilities for associations and enterprises to independently dispose of the production development fund which formed in them proved to be very limited. The consequences of defects in the formation of production associations became obvious. It was assumed that with the creation of large production associations departmental barriers would be overcome, and the new production formations would correspond to the tasks of increasing production efficiency and orienting production toward maximum final results. However, in practice the formation of associations took place within the framework of departments and was shaped to fit developed organizational structures. Many associations were created in a formal manner, their structures did not always turn out to be sufficiently rational and did not reflect the objective requirements of production concentration, and in a number of cases they became unjustifiably complex. For example, the Ministry of Construction, Road, and Municipal Machine Building created 26 associations

* KOMMUNIST, No 17, 1981, pp 4, 10.

out of 44 enterprises, and, moreover, within them 32 plants retained their juridical independence.

In accordance with the conception, in the complex of measures to improve planning and strengthen the influence of the economic mechanism on production efficiency and work quality the supporting structure on which all of the other elements of the economic mechanism are mounted is made up of the balance, stability, and effectiveness of economic planning decisions for the long term, above all, for a 5-year period. The present situation in the economy is characterized by a certain strain, by the existence of discrepancies in a number of its most important elements, and by a shortage of certain resources for accelerating the structural reorganization of production which is so necessary for ensuring its intensification and an improvement of incomes policy and material stimulation. All of this has prevented a full solution of the problems of balancing economic growth. The fact that not all enterprises and associations possess stable 5-year plans has been one of the reasons which has not permitted the universal formation of annual plans from below, and the development of horizontal enterprise and association relations on the basis of long-term economic contracts. As a result of the shortage of a number of types of output and insufficient capacities in construction and installation organizations, it has been difficult to realize the orientation toward increasing the role of the consumer in relation to the supplier, the application of economic sanctions for violations of deliveries discipline, demands upon product quality, and a number of other fundamentally important points of the new economic management methods.

Further, in analyzing the reasons for the slow and insufficiently full realization of the measures to improve the economic mechanism consideration has to also be given to other unfavorable features of the general economic situation. Of course, the realization of these measures is designed for substantial positive results. But during the starting period unfavorable conditions probably have a stronger influence than the possible initial effect from improving the economic mechanism.

In this connection, one should point to such a phenomenon as a decrease in the stimulating influence of income from the public economy. To a decisive extent this is a result of a lack of correspondence between effective demand and the supplies for many types of goods and services which have taken shape as a consequence of the outstripping (sometimes unjustified) growth of various types of monetary income over the production of consumer goods. According to published data, in 1976-1981 retail commodity turnover increased by 30 percent, while the wage fund increased by 32 percent, payment for the labor of kolkhozes increased by 34 percent, and payments and allowances to the population from the public consumption funds grew by 34 percent. Under these conditions, the income which is received from the public economy cannot be realized in full and in the structure needed by the consumer; in its final link there is a break in the chain which is needed for consistent stimulation for the quantity and quality of labor: labor-the formation of income-the distribution of material goods and services. It follows from this that no matter how perfected stimula-

tion measures are in themselves, on account of a lack of correspondence between effective demand and supplies for a number of goods the effectiveness of stimulation is decreased and the interest of people in strenuous and high quality participation in labor in social production is weakened, and this prevents the growth of production and an increase in its efficiency.

Another aspect of the lack of correspondence between effective demand and the supply of goods and services consists in the fact that when the population has a substantial mass of money and supply is limited the spontaneous redistribution of this money is strengthened. Individual persons may receive tangible income (sometimes in excess of their income from the public economy) from all kinds of side work which influences their attitude toward social production.

Thus, in order to strengthen material interest on the basis of active participation in social labor (and without this the economic mechanism cannot be improved) it is essential to have measures which provide for an effective system of incentives, and also for an increase in the production of consumer goods and services. The realization of the country's Food Program until the year 1990 which was adopted by the May (1982) Plenum of the CPSU Central Committee is of great importance here. It is designed for a radical improvement of food supplies for the population, a qualitative improvement of the structure of food, and the achievement for most types of output of rational average per capital consumption norms.

In order to fully satisfy constantly growing effective demand it is necessary to develop and enrich the structure of the production (and consumption) of non-food goods, and to form new or additional large channels for the realization of the population's income. We are speaking about durable goods, printed output, construction materials, an expansion of the limits of payment in the sphere of services, an increased contribution by the population to the financing of housing construction, an expansion of summer cottage and garage construction, and the development of domestic and foreign tourism.

It is necessary to improve the practice of the distribution of the material resources which are used both for the needs of social production and for sales to the population. In developing the material balances and distribution plans for such products as fuel, construction materials, and hardware, and in planning transportation services which are consumed on a negligible level by the population it is important to fully satisfy its demand and to establish a procedure in accordance with which enterprises, in fulfilling deliveries and economic contract plans, first of all ship output which is intended for the population.

In distributing resources for retail commodity turnover by the country's territories there should be a strict orientation toward the amount of the population's income in each region, with an increase in the role and quality of the development of the territorial balances of the population's monetary income and expenditures.

It is necessary to strengthen the planned influence on the formations of the workers' income and on the processes of the expenditure of the wage funds. The formation of income and its distribution is unquestionably an object for central planning, but the degree of control in this sphere is clearly insufficient. Thus, during the 10th Five-Year Plan the plan was underfulfilled for a number of production indicators, but it was basically fulfilled for income indicators (the wage fund, average wages of workers and employees, payment of the labor of kolkhoz workers, payments and benefits to the population from the social funds). Consequently, income was formed in a rather uncontrolled manner and in poor connection with final results.

A strict observance of a correspondence between the growth in the population's monetary income and final production results and the resources of goods and services which are sold to the population is one of the most important functions of planning agencies and of the financial system in ensuring balanced economic growth and an efficient use of the resources and capabilities which are objectively inherent in the socialist economic system. A consistent realization of this function is important today as never before, and much depends upon this in the accomplishment of the tasks of economic management.

As was pointed out at the 26th CPSU Congress, the stimulating role of wages in the final results of labor has to be increased. This requires an improvement of the planning of the wage fund, and an expansion of the rights of enterprises in the field of its use in accordance with achieved results. It is clear that the system of payment for labor has to be constructed in such a way that the basic part of wages is paid in the normal manner, that is, in relation to a worker's personal participation in production, while the other part is paid in relation to the work results of an entire labor collective. The role of bonuses must also be changed. It would be useful to put an end to the practice of universal bonus payments; that is, the payment of bonuses to everybody and for everything in small amounts. With this kind of system the bonus turns into a mandatory element of wages and does not have the effect of an additional stimulus. It will be necessary to simplify the bonus system and to increase the differentiation of bonuses in relation to the individual results of labor activity.

In addition to the above, other economic measures are advisable: a strengthening of planned redistribution processes on the basis of an improvement of the system of public income taxes (for example, the introduction of a single income tax in relation to the per capita fund in the family, a fuller collection of differentiated rent in agricultural taxes, the introduction of taxes for garden plots and increased taxes for dacha plots, and so forth); an activation and strengthening of the planned nature of the policy of retail prices and fees for services by means of their one-time regulation in order to bring the price level closer to the expenditures for the production and sale of consumer goods, and to overcome the structural imbalance between supply and demand by means of shifting demand from certain relatively scarce goods to other less scarce ones; and the creation for future action of a system for amending the relationships between prices and goods and services in relation to developing production conditions

and effective demand (by means of increasing certain and lowering other prices with a certain decrease in their average level and the ensuring of a complete structural balance of supply and demand).

Finally, one other important problem of social development. This involves the development of a conscientious attitude toward work. Unfortunately, among some people there is now an unconscientious attitude toward the performance of their labor duties. This is the effect, as was said above, of many phenomena, particularly the scarcity (to a large extent artificial) of labor resources which has a deforming influence on the payment for and intensity of labor; and the still frequently uneliminated levelling tendency in wages: at enterprises and organizations it is sometimes necessary to pay and, frequently, to increase wages not in keeping with final work results, but simply to keep a person at his work place. The spheres of production for which privileged wage terms are applied for labor in unfavorable conditions are becoming wider.

There are also other aspects. For example, strange as this may seem, an under-evaluation of qualified labor. Today the average wages of specialists differ little from the wages of workers. In 1940 the wages of engineering and technical workers in industry were more than two times higher than those of workers, while in 1980 the figure was 14.5 percent, and in construction--2.4 times and only 2 percent, respectively.

In 15 years (1966-1980) the proportion of engineering and technical workers and employees of the total number of workers increased by 3.1 times, while the wage fund increased by only 0.5 points. An ever larger number of workers with a relatively high level of education is employed in unskilled work. In 1959 the number of industrial workers performing manual work at machinery and mechanisms came to 7.1 million people, while the number of these workers with an elementary education and lower was 6.8 million. In 1979 8.3 million people were employed in manual work, and 6.4 million of them were workers with an elementary education or lower. The gap of almost two million people is formed by workers with a relatively higher level of education, above all the youth, which, of course, is not entirely satisfied with the character and content of such work. The fact that one-third of our specialists with a secondary specialized education are working as workers also speaks of an unfavorable gap between the qualification level of workers and the character of their work.

The essence of the problem, of course, is not in excessive education, but in the slow rates of mechanization and in the overcoming of essential differences in the technical conditions of work, and in a violation of the principle of increasing payment for labor which requires high qualifications from the worker. This means that effective measures are necessary to overcome essential differences in the equipment level of labor by branches and types of production activity; to refine the directions of wage policy for the future; to have a more differentiated approach to employment policy (and, consequently, to defining the structural production and to the distribution of capital investments) by regions of the country; create an effective measure for the redistribution of workers who have been released from production under the influence of technological progress and as a consequence of organizational and technical measures; to

make control and inventorying more rigid along all lines: and to raise the level of labor discipline and organization, and increase the struggle against anti-social phenomena.

The problem of improving planning and of the effective realization of capital investments is still being solved slowly. Yet, the balance and stability of plans, the efficiency of social production, and the possibility of realizing an active structural policy depend to a decisive extent upon raising the level of the planning management of these processes.

As is known, during the 10th and 11th Five-Year Plans there was planned and carried out a substantial lowering of the capital investment growth rates which was the result of the limited nature of material resources for investments and of an endeavour to reduce the strain in the economy and create more favorable conditions for increasing its balanced growth. As research shows, a slowing down of the capital investment growth dynamics in the 5-year plan does not have an essential influence on the growth rates of national income in the same 5-year plan, including the dynamics of the consumption fund, but, on the other hand, it creates difficulties for maintaining the necessary growth rates in subsequent periods.

At the present time (during the period of the preparation of the 12th Five-Year Plan and the determination of the directions of the development of the economy for the long term) it has become necessary to determine a selection of alternative investment policy possibilities: to preserve the tendency toward a decrease in the capital investment growth rates, or to substantiate in the near future the necessity for a certain increase in capital investment dynamics and to emerge into a mode of heightened investment activity. The 12th Five-Year Plan will have to be the turning point here.

Balance calculations which have been performed by the Scientific Research Institute of Economics show that a further slowing down of capital investment growth rates in the next 5-year plan (even with a certain increase in their rates in the subsequent two 5-year plans and with very strenuous efficiency assignments) will lead to a lowering of the national income growth rates in the 1990s to an average level of three percent and less and to an even more appreciable decrease in the consumption fund dynamics than during preceding periods. If, however, a certain acceleration of capital investment growth rates is assumed--by approximately 1.5 points beginning with the 12th Five-Year Plan, and 2-3 points in each subsequent 5-year plan,--it would then be possible to expect an overcoming of the tendency toward a lowering of national income growth rates, a certain stable acceleration of them in the 1990s, a substantial increase in non-production capital investments, and a stable growth of the current consumption fund and of the population's real income. An increase in non-production consumption resources will make it possible to carry out a more active social policy. The realization of such a variant will require an increased share of capital investments in machine building, the construction materials industry, construction, and also in the chemical industry.

Thus, it is especially important to seek possibilities and reserves for correcting the tendency which has developed in the dynamics of capital investments as early as the 12th Five-Year Plan, of course, in keeping with what is permitted by objective resource possibilities.

The planning of such a maneuver for the future makes it necessary to raise the level of the management of the investment process as a whole. Unfortunately, the previously selected orientation toward lowering the general dynamics of capital investments was not backed up by effective measures to strengthen control over the process of the realization of capital investments, to increase their concentration, and to shorten the periods and increase the efficiency of construction. It will not be possible to accelerate the dynamics of capital investments and to increase their proportions in the future without an essential improvement of planning, and without an improvement of the management of the investments process.

Under our conditions, investment activity is characterized on the whole by a high degree of the centralization of decision making. Many of its parameters are defined directly in the economic plans (the amounts of capital investments and their branch and territorial distribution, the reproduced structure, the amounts of construction and installation work), and a system of expert appraisal for plans, for the development of norms and normatives, and for the different rules of construction activity has been developed.

However, it is precisely in this sphere that there are especially substantial deviations of actual results from planned ones. As a result, the annual planned assignments for the utilization of capital investments are fulfilled by 95-100 and somewhat more percent, for the commissioning of fixed capital--by 80-90 percent, and for the commissioning of production capacities--by 40-60 percent. This is a consequence of the poor control and management of the processes of the formation of fixed capital.

The shortcomings in the investment sphere are the result above all of the lack of control over the processes of change in the total estimated cost of objects being built at the same time: this, in essence, economically characterizes the capital construction front, the degree of concentration of capital investments, and the construction periods for enterprises and objects. The estimated cost of construction has been systematically increasing out of connection with the dynamics of capital investments. During the 10th Five-Year Plan the average annual rates of increase in the total estimated costs of construction projects which were being carried out simultaneously came to 6.9 percent, while the rates of increase in the capital investments in the same projects came to approximately 1 percent, which created the preconditions for prolonging the estimated cost realization periods and reducing the return from the resources being assigned to the sphere of capital construction. The estimated costs of enterprises and objects under construction exceeded the annual amount of capital investments by 8-9 times. During the 10th Five-Year Plan the total increase in the estimated cost of construction was appreciably greater than the average amount of annual capital investments, and in machine building it was even three times greater

capital investments are being scattered over a fragmented front of simultaneous construction with the consequence that the variation of the estimated cost of construction is not as the planned construction period is, as the deviation of construction is approximately twice as large as the planned amount. The cost of unit of commissioned capacity has been systematically increasing. And this is leading to a prolonged imbalance in the sphere of capital construction and to the low utilization of the use of the economic resources which are assigned there.

The increase in the estimated cost of construction takes place to a large extent through reviews of the plans of already begun construction projects. During the 10th Five-year Plan the proportion of increase in the total amount of the estimated cost of construction as a result of plan and estimate reviews came to 28 percent, while for the machine building industries it was almost 40 percent. Reviews of the estimated cost of objects which have been included in the construction plan occur without control and, in the final analysis, lead to the destabilization of construction plans and of output production. An analysis of data for 160 enterprises and objects which were put into operation in 1971-1978 and which comprise around 20 percent of the estimated cost of all of the enterprises of the group of branches being considered which were put into operation during this period have shown that in the process of construction and master planning indicators deviated in the direction of excess as follows: for production capacities by 21 percent, for the estimated cost of construction by 41 percent, for the cost of a unit of capacity by 12 percent, for wages in terms of one ruble of output by 38 percent, while for labor productivity they decreased by almost 28 percent. If these indicators are corrected for the actual use of production capacities (81 percent), the deviations from the plans will come to an increase of 3 percent for commissioned capacities, and 26 percent for the cost of a unit of capacity.

There has to be constant strict planning control over the formation of the construction front and changes in the total estimated cost of objects being built at the same time in order to gradually attain the kinds of proportions in this front under which planned amounts of capital investments will be sufficient to achieve the economically substantiated construction periods stipulated by the norms. A maximum permissible total estimated cost for objects being built simultaneously has to be defined both for the economy as a whole and for branches (ministries).

It would also be advisable to examine possible schemes for the planning of capital investments which would make it possible, on the one hand, to increase the responsibility of ministries, and, on the other, to have the central planning agencies concentrate on the most important economic issues.

Here is one of the variants of such a scheme. To place the complete responsibility for the technical development and modernization of operating production, with the establishment of definite assignments for an increase in output production, on branch ministries. Toward this end, to leave at their disposal

all of the preplanned part of the depreciation fund for renovation and for a long period construction and installation organizations, facilities and corresponding equipment, buildings, including structural equipment, and the other resources necessary for the realization of capital investments for renovation. To grant ministries and departments the complete right to decide themselves all of the questions concerning the allocation of depreciation for replacement or new construction with the preservation of inefficient structures and the reconstruction of enterprises.

Gosplan USSR could concentrate on the planning of changes in the branch and territorial structure of production on the basis of new construction through centralized capital investments and a part of depreciation for renovation collected from the ministries and departments. This requires a strictly addressed centralized planning of capital investments. Only Gosplan USSR should have the right to correct annual plans for objects under construction.

In addition, it is necessary to increase the role of the credit form of financing capital investments, and to strengthen bank control and bank sanctions for exceeding normal construction periods and for other violations of contract commitments, for above-norm stocks of materials and equipment, and for delaying planning documents. As is known, it is in construction that the dictate of the producer with respect to the consumer is strongly felt; that is, the contractor in relation to the client. For this reason, it is very important to find measures to eliminate the actual competitiveness in selection by contractors of the most convenient and profitable clients, and to limit the rights of construction organizations in coming to agreements with the client on planning decisions.

Space and layout decisions, construction materials and structures, and the amounts of start-up complexes should be excluded from the questions which require mandatory agreement. These questions, in our opinion, should be decided by the planner and the client and the planning and estimate decisions which have been made agreed upon only with the agencies of state architectural and construction control. With the contractor there should be agreement only on the beginning of construction on the basis of the planned commissioning dates and the construction duration norms, and also on questions connected with joint preparations for the start-up of enterprises and start-up complexes under construction. The use of progressive industrial structures which are proposed by construction organizations has to be encouraged on condition that this does not cause a cost rise for enterprises under construction and the deterioration in their operational qualities. It will probably be necessary to also clarify technical policy in the production of construction materials and construction, providing priority for those directions which influence a decrease in the materials intensiveness of construction.

In conclusion, one other matter--the departmental nature of management. The branch system of management has a number of positive features, but with the growth and greater complexity of social production its negative aspects are becoming increasingly noticeable.

There now has arisen an increasing lack of correspondence between the principles of planning and cost accounting, on the one hand, and of economic management, on the other. In the planning and organization of cost accounting and in the stimulation of labor we proclaim an orientation toward final results. But the system of management--a departmental one and, moreover, with a profound differentiation--while answering for intermediate results, does not always ensure progress in final results. Most frequently departments are responsible for the production of definite types of output, and not for its effective functioning and for its rational use in the system of the economy. We have our greatest economic losses at the junctures between branches and departments. Violations of proportions frequently occur on account of departmentalness. Capacities are created in one department, and they are frequently not provided with raw materials because another department is responsible for this. A specific department is responsible for the creation of capacities, but it is not always answerable for supplying them with labor resources. A branch produces output, but is not concerned about the system of technical servicing when it is used by the consumer.

With the existing differentiation of departmental management it is difficult to organize the solution of new problems of an inter-branch or inter-regional character which do not fit into the usual responsibilities of departments. The process of interdepartmental coordination with regard to planning and managerial measures which leads to compromises in decision making and to inconsistencies in them is very complex.

What are the ways of solving this problem? Of course, there can be no simple answer to this question. However, it is clear that it is necessary to greatly strengthen economic management and summary inter-branch planning, to orient them toward final results, and to increase the role of territorial planning and management agencies. It is possible that measures have to be thought out for strengthening certain ministries and, while reducing their staffs, creating systems of inter-branch management, and that there has to be an increase in the role of the largest production associations in which many production functions are concentrated and which are fully responsible for a final result. In any case, further steps in improving planning and the entire economic mechanism have to be considered in inseparable connection with an improvement of the system of management and with a search for measures to eliminate the negative phenomena in the operating system of planning and management.

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PLANNING AND PLAN IMPLEMENTATION

ON IMPROVING BALANCE METHODS OF PLANNING

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 11, Nov 82 pp 97-104

[Article by O. Yun', USSR Gosplan deputy department leader: "On Some Problems in the Improvement of Balance Methods of Planning*"]

[Text] The 26th CPSU Congress presented planning organs the task of developing balance plan targets for all social production development indicators, so that the vast potentials created by the Soviet people will be utilized efficiently, with full returns, applying progressive technical and economic standards for these purposes.

The lack of balance in plans causes disruptions in output deliveries.

Disruptions in delivery conditions forces enterprises to create their own above-plan stocks of raw materials and other materials in order to ensure smooth operations. It is known that a certain share of production growth is directed to these stocks, this has an effect upon general development rates. The reduction of above-norm stocks of materials and equipment is now a serious economic management problem.

One should keep in mind that in cases of forced idle time the workers, as a rule, still are payed, without producing output. This disturbs the planned correspondence of the population's effective demand with its supply of goods, and makes it impossible to exchange wages for goods. This infringes upon the principle "From each according to his ability, to each according to his needs".

Balance and norm methods are two of the most important methods of improving planning. This follows from the very essence of central planning organ's functions as intersectorial, or more accurately, as supersectorial economic management organs. USSR Gosplan and the gosplans of union republics are, in essence, the sole plan management organs. They determine the directions and conditions for the proportional development of various economic sectors and spheres, coordinate social needs with possibilities, and goals with the resources and means for their attainment. Balance and norm methods are immanent, that is, they are inherent to the content of Gosplan's activities.

The first physical and value balances (the former report and the latter plan) were developed back in the 1920's. In the subsequent 60 years the balances system has constantly improved and developed. For example, the draft of the

*A proposal

11th Five-Year Plan was developed from a more elaborate system of indicators than that of the 10th Five-Year Plan. The system of single product materials, value, and labor balances has been expanded. Production capacity balances have been consolidated for the most important types of industrial output. Their development includes distribution by year of the five-year plan. The five-year plan targets are made concrete in the annual plans.

However, the development of even a large number of single product and value balances without their coordination using an intersectorial balance (ISB) will not ensure effective balance in the nation's economic and social development.

In attempting to use intersectorial balances to develop national economic plans, planning workers encounter significant computational difficulties. Therefore planning theory and practice has moved along the path of adapting balance methods to the computer technology of the time, partitioning intersectorial balance matrices into their elements: the balances for specific products (ISB row) and plans for the material-technical supply of production (ISB column). Partition is essentially the liquidation of the intersectorial method, in so far as it has made it possible to formulate a balance for any product, calculate the resource requirements for each type of output, but not providing intersectorial linkages.

With the appearance of electronic computers work began on utilizing the intersectorial balance to compile a balanced plan. There were definite successes in this area. A dynamic intersectorial balance for 18 sectors became an active working tool for balancing. A 260 product model is used to analyze proportions. However, the active use of the ISB in planning is hindered by difficulties of an informational and organizational nature.

The information problems lie in the fact that with the partition of the ISB matrix into separate single product balances it is necessary (when working with desk top computers) to aggregate resource nomenclature and distinguish the main consumers of output, the requirements of whom are calculated from norms. In calculating the requirements for various types of resources necessary for production, the most important types of resources necessary for these purposes are distinguished while the remaining resources are calculated in aggregate value terms. As a rule, the proportion of resources so expressed in both cases amounts to 70-80 percent of the total requirements and purposes of resources.

The solution to the information problems above all involves the unification of the nomenclature of output from which, on the one hand, plan sections, and, on the other, intersectorial balances, are developed. Different plan sections are now compiled on the basis of diverse nomenclature of output. It is necessary to unify them. The expanded intersectorial balance with which planning workers are working approximates the nomenclature of the five-year plan, but does not completely correspond with it, and therefore cannot be used as a balancing tool. So far, the intersectorial balance has been used in an indicative manner, that is, it shows to what extent intersectorial balance consistency has been attained in compiling the five-year plan, and it reveals unbalancing elements. The immediate task in the compilation of intersector plans is to make the intersectorial balance nomenclature similar to that with which USSR Gosplan must really work.

Specifically, for the extended future this apparently should be the nomenclature with which intersectorial balance specialists are now working. It has 200-250 entries; the one for the five-year plan has about 500 and for the annual plan around 2,000 entries.

It is also necessary to coordinate the resource nomenclature, which sectorial departments now use to develop production material-technical supply plans, with ISB nomenclature; and the indicators of resource distribution plans with intersectorial balance nomenclature.

Great difficulties arise in supporting ISB systems with realistic information. Since, as a result of the decomposition of the intersectorial balance into partial material balances and material supply plans, practically no use is made of a considerable part of the information, it is no longer taken into consideration. Any kind of information requires efforts for its distribution. When the TsSU [Central Statistical Administration], using computers, began to develop the first report ISB, and Gosplan, the first plan ISB, hundreds of institutes were enlisted into the task of filling the appropriate matrices with the necessary information. After this first filling-in it could have been possible to organize the systematic supply of all necessary information through already approved channels. Unfortunately, this work was not completed. In addition, there is still no methodological clarity about the formation of many indicators of the more detailed intersectorial balance (compared to that being developed). Many problems arise in the organization of the arrival of huge masses of information, and its constant flows so that it could be possible to operate with ISB matrices adequate to plan nomenclature.

All the same, the main problem is organizational. Single product balances and distribution plans, as well as material-technical supply plans, these are the sections in which there might be one specialist or a small group working on each of these balance elements. A single specialist or a group could not manage an intersectorial balance; a Gosplan department should handle this. The larger the volume, the more it becomes clear that the very method of organizing work in plan balancing should be changed. Many attempts to introduce an expanded intersectorial balance model into USSR Gosplan's actual working procedures and equipment have ended in failure because this work was entrusted to one specific unit. A special subdepartment was set up in the consolidated department or it was entrusted to a group of individuals. It is necessary to organize work with intersectorial balances (except the dynamic aggregated model, which can be easily included in the work of the subdepartment for the national economic balance and is completely within its capabilities), and to create development techniques which will enlist practically all USSR Gosplan specialists into this matter.

It appears that sectorial departments should work with ISB columns and balance departments with rows. However, a consolidated service should be functioning simultaneously, coordinating into a single whole, the decisions made by each of the sectorial and consolidated departments.

Under the existing method of organizing work with ISB, sectorial and balance departments only submit certain information for the intersectorial balance,

However, they neither obtain nor utilize in their work any results from its computation, and are therefore quite indifferent towards using this model. It is essential that departments not only provide information for the intersectorial balance, but also receive information from it.

A leading role in the development of new equipment and techniques for organizing the work of USSR Gosplan departments with the intersectorial model belongs to the developers of the central complex of tasks (CCT) of the ASPR [Automated System of Plan Calculations]. This is intended for the multivariant elaboration of the basic indicators of the nation's social and economic development, the solution of general economic and intersectorial balance problems, and the determination of the feasibility of national economic development rates and proportions.

A consistent solution to the tasks in the complex should provide for the mutual coordination of calculations of national economic balances, intersectorial balances, calculations of production plans, materials balances, balances of fixed capital, production capacity and capital investments, financial and labor resources, of basic indicators of living standards, production costs and profits, and foreign economic linkages. In developing the CCT top priority is given to the transfer to computers of planning tasks, the solutions of which will be input information for the intersectorial balance.

Development work is now under way on the central complex of tasks to be used in compiling the basic directions of long term economic and social development and in the 12th Five-Year Plan. Work on annual plan tasks will continue.

Practical work in planning intersectorial linkages requires the improvement of norms and standards.

A norm, if one were to formulate its economic essence, is the socially necessary labor costs for the reproduction of a product. The product's value embodies the total socially necessary labor costs. In addition, the production of various products requires outlays in specific resources: materials, labor, financial, scientific, and fixed capital.

Each stage in the reproduction of the social product should be provided with expenditure norms and standards for the use of the basic elements of reproduction. This includes the following norms: labor outlays and standards of its utilization; outlays of raw materials, materials, fuel and electrical energy, (i.e. objects of labor), standards for their utilization and the secondary use of wastes; for tools and standards of their use, as well as their supplies and reserves.

Since living labor, materials, and tools are used in the production of every product, emphasis should be placed upon the inseparability of norms for their use in the production of a given product with a given production technology. If a product or its production process is changed there should be changes in the entire complex of norms for the use of labor, tools, and materials. The indicated types of norms and standards could express the relationship of production elements not only to the results of labor, but also to one another.

For example, the norm for living labor in total labor costs is the upper limit; the norm for progressive materials in production outlays is the lower limit; the norm for the automation of manufacturing processes is the lower limit. In addition norms should be orientated towards the specific reproduction period being planned. If we are working on a five-year plan then the norms should be orientated towards reproduction conditions over the course of five years, i. e. those annual changes in the planned period. It is therefore necessary for plan organs to work with a progressive system of norms.

However, there is no unambiguous understanding of this problem among USSR Gosplan workers. The main developer of norm systems, NIIPiN [Scientific Research Institute for Planning and Norms] at USSR Gosplan is engaged in the development of norms and standards, and, in accordance with a USSR Gosplan decree, of a system of norms. In its work it makes no provisions for interaction between the norms themselves. Materials, capital investment, labor, and other norms are individually developed. All norms are present in the aggregate, however, work with them remains as autonomous as before, and a transition to a system of norms has not even been made in the planning documents. Without such a transition it will be difficult to effectively use the norm method in planning, and consequently, in balancing plans.

In practical work departments still examine each norm individually, independently of one another: materials, labor, financial, and other. Even sectorial departments work with each norm individually. Often savings in material resources are calculated without considering their effect upon labor resources.

The development of a norm and standard system should begin should begin with a determination of the product's nomenclature. It should be orientated towards the final social results at various degrees of specification: long term, five-year, and annual plan; and for each stage of planning (basic directions, draft plan) of the consolidated, balance, and sectorial departments of USSR Gosplan, ministries, and departments. Such work is now being conducted.

At the same time, the nomenclature used to develop production plans, material balances, product distribution plans, norms and standards, targeted comprehensive and scientific-technical programs is not completely coordinated. This is due to the different aggregation levels of initial products. This creates difficulties in balancing long term, five-year, and annual plans. The comparability of nomenclature at each planning level and stage should give consideration to (or be based upon) all-union classifiers of output and work. It should also be possible to aggregate and disaggregate it.

Norms and standards in calculating resource requirements and the balancing of requirements should be used only as a complex. The use of individual norms will not help in establishing proper proportions. The smallest structural unit involved in calculations, comparison, and updating is the vector of norms (for example, the column or row of an intersectorial balance), the largest effective one is the matrix of norms. When a larger scale and more coordinated complex of norms is used in determining the feasibility of planned proportions, the smaller will be the internal, unrevealed disproportions in the national economic plan which will later be revealed in practical operations.

Since USSR Gosplan departments and the ministries determine the types of products to be produced and the technology and all the resources necessary for their production, they should work with the vectors of norms -- the columns of the intersectorial balance. This is the total set of norms for the expenditure of material, labor, and financial resources for the production of a specific product with a given technology. They should select products and technology minimizing total costs. On the other hand, balance and consolidated departments, responsible for the efficient economic utilization of one of the material, labor, or financial resources, should work with the vectors of norms which are rows of the intersectorial balance, and should determine the most and the least resource intensive (for a given resource) sector and technology and the priorities for using these resources.

In the transition from one type of plan to another, from one stage of work or one level of planning to another, norms and standards are constantly subjected to aggregation and disaggregation. These processes should be conducted in a synchronized manner, otherwise the plan can have hidden disproportions, since calculations are made at various levels of activity.

Ensuring the progressiveness of norms is a major problem. Present work practice with norms is orientated towards production. Information on norms is collected from enterprises. These are existing norms characterizing existing technology. Prior to inclusion in plan calculation they are corrected by factors for labor productivity increases. The percentage of reduction is determined by the factors generally, and by type of norm, then, using statistical methods, it is assigned to separate group and unit norms. Obviously, such a method is more or less suited for annual planning, but is completely unsuitable for periods of five years or more. Since for 15 years we have been experiencing very substantial modernization of products and especially of production technology, it is impossible to base long term planning work on norms existing at enterprises.

The long term and five-year plans cannot be based only upon a complex of norms and standards. It is essential to have a system which includes future planned achievements of the scientific-technical revolution, and combines them with the advantages of the socialist system of management. Such a combination in long term plans can be attained only through norms and standards.

In order to ensure the progressiveness of norms and standards, their development must be based upon a system of scientific and technical programs and plans. Consequently, even the comparison of scientific and technical programs must become systematic. In order for plans to completely reflect the results of scientific and technical progress, it seems advisable that all new resources and products be given independent entries in all forms of the plan and in all sections of the intersectorial balance.

For products produced by traditional ways for each planned period, traditional methods should be used to determine the factors of labor productivity growth and the corresponding changes in norms for the consumption of resources and standards for their utilization. The actual outlays of resources for the production of similar products at different ministries and departments should be compared with the norms. Then specialization should be determined.

Based upon the times called for by the programs, for new products in the science and technology plans, specific targets should be given to ministries and departments for the production and introduction of new items, equipment and processes. All the parameters for the realization of these programs should be specified. Upon agreement with the union republic councils of ministers and local management organs, based upon the characteristics of norms and standards for the economic region, ministries and departments should find the optimal development and location of production for these goals. The establishment of regional priorities for the allocation of limited resources to sectors of the national economy and industry will also ensure the more complete combination of sectorial and territorial planning principles.

The first stages of work on the planning period should provide for the complete satisfaction of the national economy's requirements for new types of products and the maximal technical re-equipment of production. After calculating, on the basis of progressive norms and standards, the intersectorial proportions and determining the national economy's resource requirements for the production of the indicated products, it is necessary to gradually introduce constraints upon the use of scarce resources by establishing the appropriate priorities for sectors. New studies of requirements should be made with this in mind. The number of variants will be determined by the number of scarce resources.

When the requirements for products are exceeded it is necessary to curtail the production of those which have become obsolete.

The proportion of new products taken into consideration in plan compilation will depend upon the number of scientific and technical programs completed in this period. Naturally, the longer the planning horizon, the stronger will be the effect of scientific and technical progress upon national economic proportions.

The dual nature of labor and its results makes it obligatory that the plans include all norms and standards of elements in reproduction in both physical and value terms. In compiling five-year plans, changes in reproduction's physical proportions, and labor productivity growth in view of planned changes which occur in the level of socially necessary labor costs for output reproduction should be the basis for establishing the direction of price changes and the ensuing value norms and proportions of production, distribution, exchange, and consumption. In addition, new prices should be ratified together with the five-year plan, and the latter should be presented to executors in new prices.

Accounting prices should be established for all new products in order to provide value terms for norms, standards and the appropriate national economic proportions in the plans. The initial variant of the indicated prices should reflect only the necessary level of costs for the reproduction of new output during the period being planned. Simultaneously, it is essential to determine changes in the labor costs of old production and the appropriate directions of price changes. The weighting of costs for the reproduction of old and new output reveals the socially necessary labor costs for the reproduction of all output and the satisfaction of specific social requirements. Corrections in price change

directions should include the relationship between the quality of the old and new products, and the degree to which social requirements are met. Norms for payments and deductions, and for fund formation and utilization should be established upon the basis of the indicated prices.

In accordance with the 12 July 1979 decree of the CPSU Central Committee and the USSR Council of Ministers, USSR Gosplan began to work out consolidated state financial balances. This is an important step in overcoming the lack of correspondence between the physical and value aspects of the plan. However, in order for financial and value mechanisms to become active tools influencing changes in proportions in the necessary directions, the financial balance based upon long term plan prices should not only establish the developing financial and value disproportions, but should also have an active effect upon them with the help of changes in payments and income tax norms. Only with the help of regulation by prices and the financial mechanism can we effectively ensure balance and coordination between the physical and financial aspects of reproduction.

The physical and value proportions of economic and social development require considerable improvement. At present the departments' main work is determining the feasibility of the necessary magnitudes of production, capital investment, and material resources. The question as to whether the achievements of science and technology should be first of all supported by capital investments has still not become a fundamental one. It is essential for sector and science departments to work with specific scientific and technical programs and to ensure their incorporation into sectorial plans. Their results should naturally be coordinated with machine building departments, since the introduction of any new process for manufacturing a product is inevitably accompanied by the production of new machines. Together with sector departments, the norms and quotas department should determine what new norms should be formulated and used in the development of national economic plans on the basis of new processes and machines. In addition, they should see that these are used. Departments responsible for the distribution of material, labor, and financial resources should certainly supply the plan programs with the necessary types of resources in accordance with progressive norms. In the development of constantly operating processes for compiling long term, five-year, and annual plans, now under way at the planning improvements department together with other departments and Gosplan's Main Computer Center, provisions should be made for all work ensuring the practicable inclusion of scientific and technical programs in the system of plans and in balancing plans upon the basis of scientifically feasible norms and standards.

The normative planning method presumes the allocation to ministries and departments of the resources planned for them to fulfill their production plans in accordance with requirements determined from scientifically based norms and standards. This improves plan stability and reduces the necessity of their review for "objective" reasons.

The creation of centralized reserves is a very important problem in ensuring plan stability. The material balances in five-year and annual plans contain material resource reserve norms established by the USSR Council of Ministers.

However, their determination is based upon the necessity of satisfying only individual, unforeseen requirements, including those caused by natural calamities. Centralized reserves of the volume necessary to liquidate possible disproportions have not yet been created. Maintaining the rhythm of the national economy requires the substantiation of norms so that during resource allocation provisions will be made to direct some of the resources to these purposes. In the process, it is essential to mobilize above-norm reserves of materials and equipment which have accumulated right at the enterprises.

In view of the enumerated characteristics, the intersectorial balance system and the related system of norms and standards can only be utilized through the active application of electronic computer technology. Therefore, work on improving the balance and normative method of planning should from the very beginning be orientated towards machine implementation. The huge scale of norms and standards, the lack of reliable organization for the coordination of the entire complex of norms and standards undoubtedly hinders norm creation. What is more, scientifically based norms and standards are developed at a given time for a comparatively prolonged period, and utilized repeatedly during all plan substantiations of national economic development proportions. This lessens the work involved in their creation and guarantees the effectiveness of the use by machine.

Now a few words about the role of specialists at USSR Gosplan's Main Computer Center as the head organization in the designing of ASPR [Automated System of Plan Calculations] and in the solution of these problems. ASPR developers should, based upon the results from scientific organizations, create new models, methods, technical and technological conditions of work with information and transfer them to Gosplan departments. The Main Computer Center can enlist competent scientific organizations into the design of ASPR. Only if the matter is organized in such a manner will it be possible to successfully solve problems in the improvement of planning methods using modern computer technology.

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INVESTMENT, PRICES, BUDGET AND FINANCE

PLANNING IN, OFFICIALS' DISCUSSION OF FINANCE

Moscow EKONOMICHESKAYA GAZETA in Russian No 44, Oct 82 p 10

[Article by L. Babashkin, director of Finance Scientific Research Institute: "Financial Resources and Planning"]

[Text] Various monetary funds are formed in the process of the distribution and redistribution of the total social product. The main one--the centralized fund of the state's financial resources--is the Soviet state budget. The funds which are necessary for financing the most important economic and social measures envisioned in the plan are accumulated in it. Monetary funds are also created on the level of branch control organs, ensuring the realization of programs for the development of individual spheres of material production. The functioning of the primary elements of public production--enterprises, associations, and other economic organizations--is unthinkable without monetary funds.

Stability and Dynamism

Close financial interrelations exist between all levels of the national economic complex. The monetary assets of the socialist economy which are created in its primary elements are used as sources for financing production and economic stimulation directly at the enterprises and in the economic organizations. A certain portion of them comes forth as a source for the formation of branch monetary funds and budgetary income. On the other hand, the USSR State Budget envisions constantly growing appropriations for the development of the national economy, socio-cultural measures, and the upkeep of organs of state control as well as for the country's defense.

High stability and dynamism are inherent in Soviet finances. This is expressed in the steady growth of financial resources caused by the development of public production and a rise in its effectiveness. In the 7th Five-Year Plan their volume was 576 billion rubles, in the 8th 913 billion, in the 9th--1,460 billion rubles, and in the years of the 10th Five-Year Plan--about 2 trillion rubles.

Typical of the contemporary stage is a gradual improvement in the structure of sources of financial resources. They are being formed in ever increasing measure through the means of the socialist economy: profits, the turnover tax, amortization deductions, and deductions for social security. The share of receipts from the population in financial resources has a trend toward a steady reduction. For the 8th

Five-Year Plan as a whole, it was 6.2 percent, the 9th--5.9 percent, the 10th--5.8 percent, and in the 11th Five-Year Plan it will drop to 5.5 percent.

Ensuring Proportions

In the field of the use of financial resources, one can note the expansion of the rights of ministries, associations, and enterprises. If 30 percent of the profit was left at the disposal of state organizations and enterprises in 1965, in 1980 it was 41 percent. This improved significantly the financial support of production and created conditions for the formation of funds for economic stimulation. In the 10th Five-Year Plan, about 115 billion rubles were directed to them, and in the 11th--more than 164 billion. All this testifies to the strengthening of the democratic basis in the control of finances.

However, the processes which have been noted in no way signified a weakening of a centralized approach in the formation and use of financial resources. Their main portion, just as formerly, was mobilized and redistributed through the state budget: in the 9th Five-Year Plan--65 percent, and in the 10th--65.9 percent. In the years 1971-1980 alone, 2.3 trillion rubles were allotted for financing the most important state measures from the budget, including 1.1 trillion for the development of the national economy. This permitted a substantial strengthening of the material and technical base of the leading production branches and accomplishing broad-scale work on the development of the northern and eastern regions, the creation of multibranch territorial-production complexes, and the construction of big installations. Now approximately 40 percent of all capital investments in the economy and about 45 percent of the expenditures for science are the budget's share.

The budget's role in financing socio-cultural measures is even more significant. Thus, more than 90 percent of all the funds directed for the formation of public consumption funds are appropriations from the budget.

Consequently, the flexible combination of both bases of democratic centralism are typical of the control of finances. This principle is also realized in the organization of the budget. The presence, as part of the USSR State Budget, of the union budget and the budgets of the union republics which combine more than 51,000 local budgets and the clear regulation of their income sources and measures being financed create conditions for the realization of centralized programs as well as for the economic and social development of all administrative-territorial units. Budget resources are an important tool in the activity of the Soviets of People's Deputies.

From the first days of its existence, the Soviet state accomplished the redistribution of big monetary resources through the budget system with the goal of eliminating the economic and cultural backwardness of Russia's outlying districts.

The share of the union republics' budgets in the USSR State Budget, which was 22.7 percent in the 4th Five-Year Plan, increased to 47.7 percent in the years of the 10th Five-Year Plan. A considerable portion of the funds of the union republic budgets is directed toward the goal of their economy's further development: in 1980, the proportion of these expenditures reached 51.6 percent, which furthered the strengthening of the USSR's national economic complex as a whole.

Ensuring the balance of material-physical and cost proportions in the national economy is one of the most important tasks for planning, including financial planning. In the process of financial planning the comprehensive substantiation of the financial program for the development of the entire single national economic complex as well as of its individual elements is ensured: the spheres and branches of public production and individual production collectives and organizations of the union republics.

What Is New in the Planning of Finances

A leading place in the system of financial plans is occupied by the state's consolidated financial breakdown. It reflects the entire totality of the financial resources which the state has available in a given period as well as the direction of their use. Beginning with the 11th Five-Year Plan, it is worked out for a five-year period and is broken down by years, which testifies to the expansion of the time horizons of financial planning. Its territorial aspect is also intensified since the consolidated financial breakdown is now drawn up in all union republics.

The USSR State Budget is an important operational financial plan. It has a number of substantial differences from the consolidated financial breakdown. Thus, it reflects not all financial resources, but only their centralized portion, in which regard it is drawn up for one year rather than for five. If data on the revenues and expenditures are presented in consolidated form for the national economy as a whole in the consolidated financial breakdown, the budget has a high degree of detailing. It indicates specific types of payments to the budget and their payers, the purpose of budgetary appropriations, and their recipients. Finally, in contrast to the consolidated financial breakdown the law on the USSR State Budget is passed annually by the USSR Supreme Soviet.

Under the conditions of strengthening the role of the five-year plan, along with the drawing up of the budget the necessity arises to determine its revenues and expenditures (for basic indices) for the year and for the five-year plan with distribution by years. The calculations which are performed permitted the closer tying of the program of most important state measures with the budgetary sources for financing as early as the stage of working out the draft.

The financial plans of ministries, departments, enterprises, and other economic organizations are also drawn up for a five-year period with a breakdown by years. This permits tying the planned amounts of monetary resources with planned expenditures on expanded reproduction and economic incentive with a high degree of reliability.

Substantial significance for the improvement of financial planning is also had by the broad introduction, into practice, of financial norms and standards. Beginning with the 11th Five-Year Plan, the indices of the five-year plan include standards for the formation of development and incentive funds, socio-cultural measures, and housing construction (ministries, associations, and enterprises), as well as a single fund for the development of science and technology (ministries). For a number of ministries which have been changed over to the standards procedure for the distribution of profit, standards for deductions from the profit at their disposal are also approved. The use of stable financial standards differentiated by years permits a sharp rise in the quality of the plan's financial substantiation.

The programmed-goal method is being used ever more widely in financial planning. For example, it has been decided to plan and finance the agro-industrial complex as a single whole. It is just such an approach which was used in the financial substantiation of the USSR's Food Program.

Influence on Intensification

Financial relations, just as the economic mechanism as a whole, are continuously improved. Specific forms and methods for their organization vary; here, the influence on the disclosure of reserves for the growth in monetary accumulations, on the accomplishment of economy conditions, and on the intensification of production is intensified. The ways for such influence are varied.

Already at the stage of financial planning, when the degree of balance of the material-physical and cost indices of the plan is being checked, the possibility to prevent irrational use of material and labor resources appears. Such financial indices as profit and assignments to reduce cost price are established in state plans. The acceleration of the turnover rate of working capital is regulated in the centralized manner, which also predetermines requirements for effectiveness of management to a great extent.

The system of payments to the budget exerts a noticeable influence on the effectiveness of use of a number of resources. Recently, much has been done for their improvement: the procedure for calculating payments for productive capital has been refined, payment for water taken from the water management systems by industrial enterprises has been introduced, and rates of deductions for social security and payments for each tree bought and cut down have been increased. All these methods further the more efficient use of national property.

The broad introduction of the standards method for distributing profit undoubtedly will exert a favorable influence on the level of production and economic activity. First of all, such a method stimulates the ministries' and enterprises' adoption of plans for profit which exceed the check figures and tasks of the five-year plan. In this case, in accordance with the established standard additional profits are deducted and placed at the disposal of the business. Responsibility for the accomplishment of budgetary obligations is increased since with unsatisfactory results of management activity the payments to the budget envisioned by the plan must be made to the full extent. The standards method requires of the facility leaders the clearer organization of production and the disclosure of deep-seated reserves to raise its effectiveness.

The most direct influence on the intensification of production is also exerted by the changes introduced from the 11th Five-Year Plan in the mechanism for the formation of economic incentive funds. Deductions to these funds are determined depending on the level (dynamics) of fund-forming indices in accordance with the standards established in the plan in percent of profit. This intensifies the interest of the production collectives in the reduction of cost price and a growth in profit since its amount now predetermines to a great extent the size of the economic incentive funds. Finally, an effective tool for intensification is the financial organs' monitoring the implementation of economy conditions in the expenditure of state resources and the observance of financial discipline.

At the same time, the distribution of profit based on standards is being introduced slowly and in a half-way manner.

There should be further improvement of the standards base for financial planning and its methods. This pertains, first of all, to the financial substantiation of integrated scientific-technical and regional programs and the working out of reliable methods for forecasting the volumes and structure of financial resources for long-term prospects. To a great extent, their accomplishment may be furthered by acceleration of the designing and introduction of an automated system of financial calculations (ASFR) which interacts with the automated control systems of ministries and departments, first of all of Gosplan USSR and the Central Statistical Administration as well as with the automated systems of Gosbank USSR and Stroybank [All-Union Bank for Financing Capital Investments] USSR.

Improvement of the methods for the formation and use of the country's financial resources will further the successful accomplishment of tasks for socio-economic development assigned by the 26th CPSU Congress.

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INVESTMENT, PRICES, BUDGET AND FINANCE

KIRGHIZ MINISTER OF FINANCE ON FINANCIAL PLANNING

Moscow FINANSY SSSR in Russian, No 9, Sep 82 pp 3-7

[Article by A. T. Tokmonaliyev, minister of Finance, Kirghiz SSR: "In an Harmonious Family"]

[Text] Kirghizia voluntarily became part of Russia in the second half of the 19th century. This had great progressive significance, saved the Kirghiz people from the threat of enslavement by backward feudal states, put an end to ruinous feudal-tribal wars, and furthered some economic and cultural development. But the working masses did not get rid of exploitation. Being under double oppression--tsarism and the feudal aristocracy-- the Kirghiz people remained without political rights and territorially apart which, of course inhibited the growth of productive forces.

Despite the richest natural resources, the industry of pre-revolutionary Kirghizia was extremely weak. In 1914 the number of workers totalled a little more than 1,000. It did not have its own written language or, naturally, its own intellectuals.

They say in Central Asia: "When a person wakes up from the Sun's rays, he automatically turns his head toward where the light is coming from." When the Great October was completed, our people turned its face toward the Leninist party, toward the young Soviet state, for they brought to it freedom, equality of rights, and the world of knowledge. In a comparatively short time, Kirghizia travelled the path for which several centuries would have been necessary under different social conditions: from the feudal system--to socialism, from a complete lack of rights--to freedom, equality, and national statehood, from primitive nomadic cattle-raising--to a highly developed multibranch socialist economy, and from universal illiteracy--to the flourishing of popular education, science, and culture. This was brilliant confirmation of Lenin's words that "with the assistance of the proletariat of the advanced countries the backward countries can shift to the Soviet system and, after certain stages of development--to communism, bypassing the capitalist stage of development" ("Polnoye sobraniye sochineniy" [Complete Works]), Vol 41, p 246).

In its industrial development, our republic relied on the industrial base of the entire country and on the vivifying strength of the friendship of the Soviet peoples and their disinterested assistance and support, first of all on the part of the fraternal Russian people.

The Soviet state invested tremendous resources in the development of Kirghizia's industry. During the period of the postwar five-year plans alone, the state enterprises and organizations put into operation fixed capital of almost 7 billion rubles, in which regard the rates of input increased swiftly. In 1925, 2,430,000 rubles or 37 percent of the total sum of the income of the Kirghiz autonomous oblast were appropriated from the union budget for the development of the national economy and culture of Kirghizia, a year later it was already 4,628,000, and in 1927--6,071,000 rubles. The share of the union budget and assistance of the RSFSR in capital investments for the industry of Kirghizia in 1928-1929 was 96-97 percent. In the 2d Five-Year Plan alone the republic's intra-industrial accumulations began to play a more noticeable role in the financing of industry.

Along with material and financial assistance, assistance with qualified technical engineering and working personnel and assistance in the training of such personnel from the native population was also rendered. Envoys from Leningrad and Moscow, Ivanov, and the Urals built the first electric power plants and plants in our republic and created kolkhozes. Today, Soviet Kirghizia has the closest ties with the Russian Federation. Products of ferrous metallurgy and machine-tool building, motor-vehicle, chemical, radio-technical, printing, and many other branches are imported from Russia. Kazakhstan, the Ukraine, Belorussia, Uzbekistan, and the Baltic deliver to us technological equipment and metal, agricultural machinery and timber, fuel and machine tools.

In turn, Kirghizia is making a noticeable contribution to the all-union production of non-ferrous and rare metals, machine tools, transfer and semiautomatic lines, precision instruments, and articles of the electrical engineering and light industries as well as to the production of animal-husbandry products, first of all high-quality wool and lamb. Envoys from the Kirghiz SSR are participating in the construction of the Kama Motor Vehicle Plant, Atomash [Atomic Power Machinebuilding Plant], and the Baykal-Amur Mainline Railway and in the transformation of the Nonchernozem [non-black soil] zone of the RSFSR, and they are conducting the combined construction of the "Kirgizstan" sovkhos in Yaroslavl oblast. Multinational production, scientific, and creative collectives have been formed among us and are working successfully. For example, representatives of many nations constructed Toktogul'skaya GES, one of the biggest in Central Asia, and are constructing the Kurpsayskaya GES today.

It is with deep satisfaction that the Kirghiz people realize the part of the great Soviet people and are rightly proud of the grandiose successes in the economic and socio-cultural construction of the USSR on the eve of its glorious 60th anniversary. The workers of the republic, just as all Soviet people, are greeting the great holiday with persistent and successful creative labor.

The gross national product increased 1.7-fold during the last decade (1971-1980), exceeding 8 billion rubles, and the national income increased respectively 1.5-fold and comprised 3.5 billion rubles.

A characteristic feature during these years was the further expansion of the material-technical base of the republic's national economy and the increase in fixed capital and production capacities. Fixed production capital increased 2.2-fold, including 2.5-fold for industry and doubling for agriculture. The consumption of electric power almost doubled while the capital-labor ratio increased by 72 percent.

The volume of capital investments in the national economy of Kirghizia reached 7.5 billion rubles. With these funds, more than 50 big industrial enterprises were put into operation, including the Toktogul'skaya GES, the worsted-spinning factory in the city of Tokmak, plants for ferroconcrete articles in the cities of Rybach'ye and Przheval'sk, the "Agylak" open coal pit, a number of agricultural facilities, and enterprises for transportation, communication, domestic services, and others. Industrial production increased 1.9-fold, in which regard the production of the means of production more than doubled while that of consumer goods increased 1.7-fold.

Agriculture became highly mechanized. The power of the mechanical engines which it has exceeds more than 20-fold the power of agricultural mechanisms of pre-revolutionary Russia. The indivisible kolkhoz funds are reaching 1.5 billion rubles--an average of almost 7 million rubles per farm. Kirghizia occupies third place in the country for the production of wool. It is a big supplier of sugar beets, cotton, vegetables, grapes, fruits, and so forth. The volume of agricultural products in 1980 already equalled 1.5 billion rubles and increased by 27 percent in two five-year plans.

The 10th Five-Year Plan was an important stage in the development of the Kirghiz SSR's national economy. During these years, the gross national product increased by 22 percent, national income by almost 23 percent, the volume of industrial production--by 27 percent, and that of agricultural production--by 9 percent. The leading branches of industry developed at swift rates: instrument building, electrical engineering, electronic, and non-ferrous metallurgy. The proportion of industry in the gross national product increased in 10 years from 56.2 to 60.4 percent, and in national income--from 41.8 to 47.2 percent.

During the last two five-year plans more than 3 billion rubles have been invested in the development of agriculture, or almost twice as much as in the preceding decade. Appreciable assistance in strengthening the material-technical base of the republic's agriculture was rendered from the union budget. In 1978, 23.5 million rubles were allocated to repay overdue loans of Gosbank USSR which had been written off from the kolkhozes and sovkhoses. In addition, in 1980 13.5 million rubles were allocated from the republic's budget for these purposes. In 1980, unprofitable and low-profit sovkhoses received 8,756,000 rubles to pay insurance installments.

The combined and dynamic development of material production caused a sharp rise in the people's well-being. Real per-capita income in the Kirghiz SSR increased by 39.6 percent during two five-year plans and the mean monthly wage of the workers and employees increased 1.3-fold. Housing with a total useful area of 10.8 million square meters was put into operation; there were 10.2 square meters per city dweller in 1980. The per-capita level of use of domestic services increased from 13 rubles in 1970 to 23 rubles in 1980. The volume of utilized national income during these 10 years increased almost 1.6-fold while payments and benefits from public consumption funds doubled.

The ancient distinctive culture of the Kirghiz people and popular education received further development under the beneficial influence of the culture of the Russian and other fraternal peoples. Now Kirghizia is a republic of universal literacy. Just as in the the entire country, we have successfully completed the transition to the

universal secondary education of the youth. More than 900,000 people are studying in 1,740 general educational schools, more than 50,000 in 42 secondary special educational institutions, and more than 57,000 people in 10 higher educational institutions. For number of specialists with a higher and secondary education occupied in the national economy (per 1,000 people) Kirghizia attained the mean union level of 833 people in 1980, and for rates of growth in this indicator it outstripped this level: 129.5 as opposed to 127 percent for the country as a whole. About 19,000 people are working in the field of science, of them 2,700 doctors and candidates of sciences. The cost of its fixed capital increased considerably. The availability of physicians per 10,000 people in the republic in 1971-1980 is 3.4 percent higher than the mean-union level.

In the 11th Five-Year Plan the generation of electric power will rise by 35 percent, and the production of rare and non-ferrous metals--by more than 1.5-fold. The production of grain, meat, milk, wool, and other agricultural products will increase significantly. Almost half of all capital investments--about 2 billion rubles--are being directed toward the strengthening of the material-technical base of agriculture; the kolkhozes and sovkhozes will receive thousands of tractors, cargo vehicles, and grain-harvesting combines and more than 1 million tons of mineral fertilizer. More than four-fifths of the republic's national income, which will increase by more than 19 percent during the five-year plan, will go to consumption needs. Per capita real income will increase by 12 percent. Residential houses with a total area of 5.7 million square meters are to be constructed--more than in the preceding five-year plan. The output of consumer goods will increase by 29.5 percent.

The decisions of the 26th Party Congress are being realized. In the first year of the new five-year plan industrial production of 55 million rubles above the plan has been realized. Fixed capital with a cost of 1,095 million rubles has been put into operation. Agricultural workers have accomplished the assignments for the sale of produce to the state. The decisions of the May (1982) plenum of the CPSU Central Committee are opening up broad prospects for the branch's development.

The patriotic call of the Muscovites, "60 shock weeks for the 60th anniversary of the USSR," was greeted by an ardent response among the workers of our republic. Industrial production of 17 million rubles above the plan was realized in the first quarter of 1982. The volume of construction-assembly work accomplished increased by 2 percent in comparison with the corresponding period last year. It increased especially at installations of the light, local, meat and dairy, and food industries. The agricultural workers overaccomplished plans for the sale of meat, milk, and eggs to the state.

The republic's budget more than quadrupled during the last two five-year plans, and its income increased from 410.6 million rubles to 1,685.8 million rubles. Here, deductions of state enterprises and organizations in 1980 reached 1,315 million rubles and receipts from the population--196.5 million rubles. State social security funds transferred to the republic's budget for the payment of pensions comprised 9.3 percent of the budget's total revenues.

During 20 years (1960-1980) budgetary expenditures of the Kirghiz SSR quadrupled. Expenditures on the national economy in 1980 were expressed by the sum of 787.6

million rubles as against 216.6 million rubles in 1960. Expenditures on socio-cultural measures exceeded appropriations in 1960 4.9-fold and on the maintenance of the organs of state control were reduced during this period from 2.5 percent to 1.5 percent. The significant growth in the total budgetary expenditures testifies to the tremendous scope of economic and cultural construction in Kirghizia.

In the 10th Five-Year Plan almost 3.7 billion rubles have been allotted for the development of the republic's national economy and 3.4 billion rubles for socio-cultural measures. During these years, the finance organs ensured the payment to the budget of 184.9 million rubles above the plan which were then directed toward the development of the republic's economy and culture and the strengthening of the material-technical base of the local Soviets. In 1980 alone, 4,451,000 rubles were allotted to local Soviets from the republic budget as financial aid.

The budget of the Kirghiz SSR for 1982 was determined in accordance with receipts and expenditures to be 5.9 percent greater than the budget of the preceding year and completely ensures the accomplishment of new, important tasks in economic and cultural construction and a further rise in the workers' standard of living.

The overwhelming share of the budget's receipts (90.4 percent) are receipts from the socialist economy. Deductions for the turnover tax will increase by 16.4 percent as against last year. Of the total sum of profit of the economy within the jurisdiction of the republic's Council of Ministers, 47.5 percent will go to the budget while the remaining part will remain at the disposal of associations, enterprises, and organizations for the development of production and the material incentives for the workers. The income tax from the kolkhozes, with consideration of their income from the sale of agricultural produce and established benefits, will comprise 11.5 million rubles, and from cooperatives and the economic organs of public organizations--14.1 million rubles. State taxes from the population will exceed 107 million rubles. The budget will receive 4.7 million rubles from the sale of the freely circulating State three-percent lottery-loan and tickets from the lottery in money and kind.

The main part of the budget's income (96.1 percent), just as in preceding years, will be directed toward the financing of the national economy and socio-cultural measures. In addition to budgetary appropriations, the economies' own funds and bank credits--730.9 million rubles-- will also go to finance the national economy. The total sum of expenditures for these purposes will be 4.7 percent greater than in the past year. Credit resources are allotted for the development of industry and motor transport, for construction and capital and current overhauls, the maintenance of roads, the strengthening of the material-technical base of communication enterprises, and a growth in services for the population.

It is envisaged that 473.6 million rubles will be directed for the development of agriculture through the budget, the sovkhoses' own funds, and bank credits. The creation of complexes for the production of animal-husbandry products on an industrial basis, poultry plants, housing, and cultural-everyday-services facilities will continue. The profit of sovkhoses and other state agricultural enterprises--more than 58 million rubles--is directed primarily to intra-farm needs. Reserves also remain at the disposition of the farms in the form of free profit, depreciation, resources of the reserve fund, and the fund for strengthening and expanding the farm--35.7 million rubles. It is planned to allot 21.3 million rubles from the budget for the

making of payments for the insurance of property by sovkhoses with low profitability, to cover financial losses in housing and public utilities, and to pay off Gosbank loans.

The volume of state capital investments through the budget, the farm's own funds, and bank credits will be expressed as a sum of 442.8 million rubles. Further development will be received by trade and domestic services. The republic's budgetary expenditures are increasing to finance general-educational schools, children's pre-school institutions, higher educational institutions and technical schools, for the training of qualified workers in the system of vocational and technical education, for public health and physical culture, and for social security. In 1982, in the republic the total sum of payments of all types of pensions and allowances will increase by 9.4 percent and will comprise 299.2 million rubles.

In the complex of measures for a further rise in the efficiency of production and the quality of work, an important place is allotted to improving control of the national economy. In the 1982 budget, it is envisioned that expenses to maintain the control apparatus for the republic as a whole will be reduced by 3.7 million rubles.

Difficult and important tasks are facing the republic's financial system. In accordance with the decisions of the 26th Congress, subsequent plenums of the CPSU Central Committee, and the instructions and recommendations of L. I. Brezhnev on the basic questions of economic and social development, the personnel of the financial organs should intensify the influence of the finance and credit mechanism on increasing the efficiency of production and the attainment of high final national-economic results and, on this basis, ensure the accomplishment and overaccomplishment of the 1982 budget.

All collectives of the financial organs are working on the accomplishment of these tasks in the republic today. The staffing of the apparatus with personnel with a secondary and higher special education will reach 98.5 percent with us. Here we have many veterans of labor and the financial system, participants in the Great Patriotic War, order-bearers, and highly-qualified specialists. They are the chief of the inspectorate of state revenues of the Frunzenskiy rayon soviet finance department, Osh oblast, K. K. Kirgizbayev, a wearer of the Order of Lenin who has been working in the finance organs for 30 years; the chief of the Dzhalsalabad city finance department, Osh oblast, K. M. Pyak, who gave 31 years to the finance system and who has been awarded the medal, "For Labor Valor"; honored economist of the Kirghiz SSR who came to the finance system 32 years ago, the republic's deputy finance minister T. K. Kempirbayev; and the deputy chief of the monitoring and auditing administration, N. A. Zhukov, who has been working in the finance organs for 31 years already and was also awarded the lofty title of "Honored Economist of the Kirghiz SSR." And many, many others.

In order to cope successfully with the great and important tasks which are facing us, it is necessary to analyze more deeply and thoroughly the economic indicators of the work of ministries and departments, associations and enterprises, and organizations and institutions, to monitor their financial-economic activity more strictly and with greater results, and to devote more attention to the preparation and realization of suggestions on the increase in the productivity of labor, reduction of the cost price of products and increase in their output, elimination of unproductive expenditures and losses, and an increase in the effectiveness of capital investments. The finance

organs should persistently look for opportunities for a growth in the output of and expansion in the variety of high-quality commodities which enjoy wide demand and possibilities for additional revenues to reach the budget. There should be an intensification of effective monitoring of the efficiency in the use of funds allotted for the development of branches of the national economy and for the socio-cultural and everyday needs of the population.

The forms and methods for the economic and monitoring work of all elements of the financial system are to be improved in every way. The most important conditions for this are an increase in demandingness and personal responsibility for the assigned matter, the strengthening of labor discipline, the development of creative initiative and activity, the broad initiation of socialist competition, and improvement in the economic training of personnel.

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INVESTMENT, PRICES, BUDGET AND FINANCE

ARMENIAN MINISTER OF FINANCE ON FINANCIAL PLANNING

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[Article by D. A. Dzhanoyan, minister of finance, Armenian SSR: "The Triumph of the Leninist National Policy"]

[Text] In the fraternal multinational family of Soviet peoples the five-fold order-decorated Armenian SSR is greeting the 60th anniversary of the formation of the Union of Soviet Socialist Republics with new successes in creative labor.

The historic destiny of the Armenian people and the history of their social and national revival and of the creation and swift flourishing of the Armenian Soviet Socialist Republic may serve as graphic and visible evidence of the realization of our party's designs, the triumph of its Leninist national policy, and a convincing example of the unselfish assistance of the peoples of the Soviet Union and, first of all, of the Russian people.

Being on the boundary between Europe and Asia, for many centuries Armenia was the arena of endless wars and was constantly subjected to the invasions of foreign conquerors. The hordes of the Huns and Persians rushed through it like a hurricane, and the Roman legions and Byzantines, Arabs and Seljuks, Mongols and Ottomans marched across its land. The people hardly managed to heal the wounds from one ruinous invasion when a new one approached. Armenia lost its statehood and its people experienced cruel social and national oppression. But each time that their native soil was freed from the conquering hordes and the battles faded away, the Armenian people restored the economy which had been destroyed by the enemies and created centers of high cultures anew. They created their own theater (1st century B.C.), their own written language (beginning of the 5th century) and musical notation (8th century), universities (10th-13th centuries), masterpieces of ancient and medieval architecture, fine arts and literature, and tens of thousands of priceless manuscripts which are, according to the Bryusov definition, a "patent for nobility."

In the 14th century, having lost its statehood, Armenia fell under the yoke of oppressors whose cruel government completely destroyed the country and led to the extreme collapse of its productive forces and the loss of many priceless relics of its material and spiritual culture. From this time began the darkest and most tragic period in the history of Armenia--a period of the cruellest oppression and incalculable sufferings of the people. But its will and creative spirit were not broken; it continued to struggle for independence and the liberation of the mother country right up to the establishment of Soviet authority in Armenia in November 1920, which brought genuine social and national liberation to the Armenian people.

Soviet Armenia inherited a small, ruined country with a territory of only 30,000 square kilometers in the eastern part of historic Armenia, with difficult geographic conditions and a severe climate, and with a population of 720,000 people among whom were many refugees from Western Armenia. The building of a new life was begun under exceptionally difficult conditions. The economy was on the verge of complete collapse. In 1919 the volume of industrial production was reduced 12-fold in comparison with 1913, and gross agricultural production--5.8-fold.

In the rise in the economy of the young Soviet republic, the decisive role was played by the unselfish assistance of the Russian and other fraternal peoples. Fuel, machine tools, equipment, and other material as well as financial resources necessary to restore the economy began to arrive from Soviet Russia. In commemoration of those distant years, today an old loom is being shown in the Yerevan Museum of the Revolution as exhibit No 1. On the personal instruction of V. I. Lenin, hundreds of such looms were sent as a gift to the workers of Aleksandropol' (now Leninakan) in 1922 by the textile workers of the city of Ivanov. In this way was the firstling of light industry of Soviet Armenia, now the orders of the Labor Red Banner and the Friendship of Peoples cotton production association imeni the May Uprising, established. The history of the establishment of industrial Armenia is rich with such brilliant examples of genuinely fraternal assistance.

Under the leadership of the Communist Party, the appearance of the ancient Armenian land changed from five-year plan to five-year plan through the creative genius of the people. The industry of the republic developed at high rates, its gross production already in 1940 exceeding the level of 1919 32-fold, and the production of electric power increased more than 230-fold. Industry developed dynamically and intensively, and its structure improved. Great progress was achieved in machine building and metal working, nonferrous metallurgy, the chemical, light, and food industries, the construction materials industry, and in the postwar years--the electrical engineering, electronic, and radio industries.

Armenian industry achieved especially great successes during the years of the 10th Five-Year Plan. The total volume of its gross production for this period equals the volume obtained in the 8th and 9th Five-Year Plans. In comparison with 1940, industrial production in 1980 increased more than 40-fold. The construction of new GES' and TETs' as well as of nuclear power plants permitted increasing the production of electric power 31-fold during this period. The output of chemical production increased 123-fold, of the construction materials industry--80-fold, of light industry--24-fold, and of the food industry--9-fold. Machine building and metal working developed at especially rapid rates. These branches became the leading ones. In 1980, the republic's electrical engineering industry produced three times as many electric motors and twice as many power transformers as were produced in our entire country in 1940.

An important role in the socio-economic transformations was played by the State Budget. Since the republic's national economy is an organic component part of the country's economy, the most important national economic facilities were financed from the union budget. Proceeding from the necessity for the most effective use of financial resources, they were directed to where success in the struggle for the creation of the material-technical base for socialism was decided. Simultaneously, hundreds of enterprises were constructed through the republic budget and internal economic resources. In 1940, 12.1 million rubles from the republic's budget were

directed toward the development of the national economy. The amounts of the appropriations for this purpose increased from year to year and, in 1981, they were 790.3 million rubles, having increased 65-fold.

Thanks to the consistent implementation of the party's Leninist agrarian policy, the republic's agriculture was transformed into a highly developed sector of the economy, and the Armenian village was radically transformed. The socialist reconstruction of the village, which predetermined the high agrarian potential of the republic, was begun under the most difficult conditions of age-old backwardness. The difficulties were aggravated by the fact that Armenian territory is basically rocky, dry, and the mean altitude of tillable lands is 1,800 meters above sea level. But the Armenian farmers overcame all difficulties. Implementation of measures on the creation of the material-technical base, the mechanization and electrification of agricultural production, the development of new lands, and the expansion of irrigation farming had a beneficial influence on the extent of agricultural development and provided the opportunity to increase the volume of farming production 2.4-fold as early as 1940. At the beginning of the 1950's, the complete electrification of the Armenian village was ensured. Agriculture also continued to develop on this basis, the rates of whose growth increased significantly after the March (1965) plenum of the CPSU Central Committee.

At the beginning of 1980 the cost of agricultural fixed production capital increased by more than three-fold in comparison with 1965. Based on 100 hectares of agricultural lands the capital provision reached 90 rubles, while the capital-labor ratio of labor per worker reached several thousand rubles. In comparison with 1965, these indices increased respectively 3- and 2.7-fold. Energy saturation increased by 45 percent and reached 397 horsepower per hundred hectares of plowed fields. Important water-management and land improvement work was accomplished in the republic. Thirty reservoirs with a total volume of 218 million cubic meters of water were put into operation after 1965 and 100,000 hectares of land were improved. In the 10th Five-Year Plan 1,163 million rubles of capital investments were put into production in agriculture, which are 32 percent greater than in the preceding five-year plan. Capital investments of 1,220 million rubles, or 6 percent more than in the 10th Five-Year Plan, are envisioned for the 11th Five-Year Plan.

The measures adopted permitted a significant increase in the production of agricultural produce. Thus, during the years of the 10th Five-Year Plan the volume of gross production increased by 22.4 percent in comparison with the 9th Five-Year Plan, including plant-growing--by 13.8 percent and animal husbandry--by 32.9 percent.

Large-scale tasks for a further rise in agriculture were assigned by the May (1982) plenum of the CPSU Central Committee at which the Food Program was approved. The finance organs should intensify influence on strengthening the economy of all branches of the agro-industrial complex, achieving mobilization of intra-farm reserves, a reduction in nonproductive expenditures, and the more efficient use of labor, material, and financial resources.

As a result of the dynamic development of the entire complex of the republic's economy, the remaining branches of the national economy achieved corresponding progress. The freight turnover of all types of transport increased 13.2-fold during the last 30 years. Developing at especially rapid rates was motor-vehicle transport whose freight turnover during this same period increased 36-fold, and the proportion

in the total volume of freight shipments in 1980 reached 44.2 percent. Passenger turnover of all types of transport during the last three five-year plans tripled, while the output of communication more than quadrupled.

Capital construction is developing at swift rates. In the 9th Five-Year Plan the total volume of state capital investments exceeded the volume of all investments accomplished from the day of the establishment of Soviet power in Armenia, and in the 10th Five-Year Plan it increased by another 20.2 percent and comprised 5,223 million rubles. In 1976-1980 2.7 billion rubles were allotted to finance capital construction from the republic budget alone.

The victory of Soviet power in Armenia marked the start of a new era not only in social and economic development, but also in the flourishing of its culture--imbued with communist ideological content, Soviet patriotism, and socialist internationalism.

From the example of our republic, one can see the colossal development which popular education received during the years of Soviet power in the former outlying districts of tsarist Russia. In the 1914/15 school year only seven secondary and six incomplete secondary schools operated in Armenia; the remainder were primary schools. At that time, only 35,000 people studied in all educational institutions. The overwhelming majority of the children stayed out of school, and the few who attended them did not receive all needed knowledge since the majority of the teachers did not have a higher education. In Armenia there are now more than 1,500 general-educational schools of all types with more than 615,000 students who are being taught and educated by 42,000 teachers. Tremendous successes have been attained in the system of higher education, too. Fifty-eight thousand students are studying in the republic's 13 higher educational institutions. There are 135 people with a higher education for each thousand engaged in the republic's national economy. The Armenian SSR has far outstripped many developed capitalist countries in the number of students. Thus, in the republic there are 190 students per 10,000 of population while in England it is 95, in the FRG--96, Japan--149, and France--165.

In the pre-revolutionary years there was not one scientific institution on the territory of Armenia. Today, socialist Armenia is a republic of major science. Working in the 116 scientific research institutes and higher educational institutions are 18,000 scientific workers including more than 5,000 candidates and 700 doctors of sciences.

The Armenian Academy of Sciences which was created during the terrible years of the Great Patriotic War has now become the acknowledged center of the republic's scientific thought. Our scientists are making a significant contribution to the country's scientific and technical progress and, by their discoveries, are furthering the intensive development of all branches of the national economy, the strengthening of the Soviet Union's defensive capability, and the peaceful development of outer space. Each year up to 30 million rubles are allotted to the development of science from the budget alone.

The cultural life of today's Armenia is rich, and unlimited opportunities have been created for its development. The growth of spiritual culture is shown by the

multifaceted activity of a ramified network of cultural-educational institutions and the development of book printing, means of mass information, physical culture and sport, and amateur art. Here are some figures. In 1928, there were only two permanent theaters in the republic and now there are 14 of them; there were 4 museums, today--39; there were 198 club institutions, and now--more than 1,200. In Armenia 1,330 mass libraries are functioning with a book collection of more than 19 million copies. Each year, 350 book and pamphlets are published per 100 of population while 644 books and journals are in the mass libraries per the same number of readers.

The role of the state budget in the implementation of socio-cultural measures is great. In 1940, 31.8 million rubles were allotted from the republic's budget for the development of the material-technical base for education, public health, culture, and the accomplishment of the tasks posed for them, including 23.8 million rubles for education and science, 6.3 million rubles for public health and physical culture, and 1.7 million rubles for social security. Expenditures from the republic's budget for these purposes in 1981 increased 24-fold including 19-fold for education and science, 38-fold for public health and physical culture, and 90-fold for social security.

In the jubilee year of the Soviet Union's formation, you sense especially deeply the tremendous concern which the socialist state displays for man, for the improvement of his living, working, and everyday conditions, and for his spiritual development, health and rest, which found its confirmation in the historic decisions of the 26th CPSU Congress. In our republic, during the 9th and 10th Five-Year Plans alone the population's real income increased by 45.1 percent and 1,259,000 people improved their housing conditions. In 1976-1980 the workers of the republic received 4.6 billion rubles in payments and benefits from the public consumption funds. The volume of retail commodity turnover increased by 35 percent, and of domestic services--by 63 percent.

A ramified network of municipal and everyday services facilities, hospitals, polyclinics, sanatoriums, and other health institutions has been created in the republic. Now there are more doctors per 10,000 of population in Armenia than in the United States--1.7-fold more, in England--2.2-fold, in Turkey--5.2-fold, and in Iran--7.6-fold more.

In comprehending and summing up the results of the great path which has been covered, the workers of Armenia realize that their achievements were attained thanks to the friendship of the peoples of sovereign republics who have united voluntarily in a mighty union. A brilliant example of the triumph of the joint labor is a whole series of important national-economic facilities which were constructed with the direct participation of many peoples of the Soviet Union. Representatives of many of our country's peoples participated in the construction of the unique and difficult water-management structure--the Arpa-Sevan tunnel with a length of 48 kilometers, the Armenian nuclear power plant, the Yerevan subway, and other facilities. In turn, specialists of the republic are taking an active part in the construction of the Baykal-Amur Mainline Railway and facilities in Tyumen oblast, Ust'-Ilmsk, at Atomash [Atomic Power Machinebuilding Plant], the gas line in the North Caucasus, and many other facilities.

One of the convincing manifestations of the radical changes in the economy of Armenia is the constant expansion of ties with other economic regions with the accomplishment of the tasks of a single national-economic complex. Thus, the republic supplies to other regions of the country 80 percent of the output of light industry, 60 percent--of the food industry, and 85-90 percent--of the machine-building, machine-tool building, chemistry, and electrical engineering industries and nonferrous metallurgy. At the same time, Armenia imports annually several hundred thousand tons of metal, up to 1 million cubic meters of timber, equipment, materials, and much more.

Participating broadly in the all-union socialist division of labor, Armenia is now producing contemporary electronic computers, ac generators, electric motors, transformers, metal-working lathes, motor vehicles and lift-trucks, compressors, tires, construction materials, products of the chemical industry, and so forth. Articles of the footwear, rug-weaving, and textile industries, high-quality cognacs, wine, canned goods, cheeses, and other types of commodities of the light and food industries are enjoying a great demand.

One of the most vivid generalizing indicators of successes in the development of the economy is the growth in national income. In the republic in the 7th Five-Year Plan, the absolute increase in national income was 473 million rubles, while in the 10th this indicator reached 1,120 million rubles (in comparable prices), or increased 2.4-fold.

The role of state finances in the socialist expanded production is intensifying with the development of the country's economy. In 1940, the income of the Armenian SSR's state budget was only 51.6 million rubles, in which regard 87.2 percent was received from state and cooperative enterprises and organizations. In 1981, it comprised 1,856.3 million rubles, or increased 36-fold. The share of receipts from the socialist sector equalled 92.2 percent. Budgetary expenditures increased 34-fold in 1981 in comparison with 1940.

We should note the important role of profit in the development of the economy as the basic source for the formation of state financial resources. Its increase is the result of a growth in economic potential and, at the same time, shows the increase in the efficiency of public production. For the republic's economy, the total volume of profit in 1965 was 242 million rubles, and in 1980--525.5 million rubles.

The state budget of the Armenian SSR has been successfully implemented for many years. During the years of the 10th Five-Year Plan alone, 8,050 million rubles of profit were mobilized. Expenditures were 7,564 million rubles and increased by 30 percent in comparison with the 9th Five--Year Plan. Directed for the development of the national economy from the budget were 3,487.1 million rubles, which are 22 percent more than in 1976-1980. Expenditures on socio-cultural measures increased by 12.9 percent.

The successful accomplishment of the income portion of the budget permitted the creation of a firm financial base and not only ensuring the timely and complete financing of measures for social and economic measures envisioned by the plan, but also directing additional resources to urgent needs of the republic. During the years of the 10th Five-Year Plan alone an additional 571.3 million rubles were allotted from the budget for these purposes.

The workers of Armenia are greeting the 60th anniversary of the USSR's formation with new achievements in communist construction. For successes in socialist competition, the republic has been awarded the Challenge Red Banner of the CPSU Central Committee, the USSR Council of Ministers, the All-Union Central Council of Trade Unions, and the Komsomol Central Committee six times in a row. In honor of the jubilee, the labor collectives of all branches of the national economy assumed increased obligations.

The workers of the finance and insurance organs have also assumed increased socialist obligations. At the threshold of the jubilee, the results of what has been done are being summed up, additional measures for the improvement of monitoring and economic work are being adopted, and possibilities for the more successful implementation of the budget are being sought.

In realizing the decisions of the 26th CPSU Congress, the republic's financial organs are actively performing their functions for the mobilization of additional reserves and monitoring the expenditure of state resources. During 1980 alone, 35.1 million rubles of internal economic reserves were disclosed as a result of the economic analysis of annual accounts and balances of ministries and departments. In addition, 15.3 million rubles of payments to the budget were additionally charged in accordance with the results of audits of the accounts of enterprises and organizations.

The personnel of the republic's financial system have a deep realization of the importance of the task assigned by the 26th CPSU Congress to increase the role of the financial-credit levers in the intensification of production, the strengthening of cost accounting, and the intensification of an economy regime. The style and methods of monitoring and economic work are being improved for its successful accomplishment.

The efforts of each labor collective of the financial organs are directed toward the comprehensive improvement of the work's final results and a worthy greeting for the national holiday--the 60th anniversary of the formation of the Union of Soviet Socialist Republics.

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INVESTMENT, PRICES, BUDGET AND FINANCE

ESTONIAN MINISTER OF FINANCE ON FINANCIAL PLANNING

Moscow FINANSY SSR in Russian No 9, Sep 82 pp 12-15

[Article by E. I. Myandmaa, minister of finance, Estonian SSR: "Soviet Estonia's Budget"]

[Text] They relate that one day, on a trip abroad, an Estonian was asked to show his state on a map. He outlined the boundaries of the Soviet Union: "There it is, my state!" A proper answer. The Soviet Union is the state for the Estonian people to the same extent as for the Russian, Ukrainian, Belorussian, Uzbek, and other peoples of the USSR. Our multinational country appears before the entire world as an harmonious family of republics possessing equal rights.

It developed historically that Estonia, just as the adjacent Baltic republics of Lithuania and Latvia, became part of the Soviet Union considerably later. By the will of the people, on 21 June 1940 Estonia was proclaimed a Soviet Socialist Republic, and on 6 August it was officially accepted as part of the USSR.

Broad possibilities for social transformations were opened for the workers of Estonia. The land was declared national property, all debts, arrears, and fines connected with bourgeois agrarian reform were lifted from the peasants, and banks, large-scale industry, mines, transport enterprises, and other most important elements of the economy were nationalized.

The nationalization of large-scale industry and the measures adopted by the Soviet government for the complete loading of production capacities caused a sharp growth in production. Unemployment was eliminated on this basis, and tens of thousands of people who, prior to this, did not know what they should apply their hands to received work. Radical transformations also occurred in the village. Soviet power endowed almost 50,000 farm hands and landless peasants with land, turning over about 400,000 hectares to them for their use. Debts totalling more than 100 million crowns were written off for the peasants (according to the rate of exchange, one crown equalled 1.25 rubles), and they were given loans to acquire agricultural equipment, while they were allotted timber and other materials for the construction of homes. The first 24 machine-tractor stations [MTS] and 238 machine-horse rental points were created; 100 newly organized sovkhoses were called upon to demonstrate graphically to the peasants the advantages of a big mechanized farm.

In the republic's first budget for 1941, its radical economic transformation found reflection. The income portion of the budget (at the scale of prices in effect) was determined at 585.3 million rubles and was primarily (84.5 percent) formed from receipts from the socialist economy. Expenditures were 543.7 million rubles and were made up primarily from appropriations to finance the national economy (37.5 percent) and socio-cultural measures (50.4 percent). For a comparison, it can be noted that the budget of bourgeois Estonia for 1939/40 equalled 150.2 million crowns (187.8 million rubles). As part of the expenditures for socio-cultural measures of the 1941 budget, it was planned to direct 169.2 million rubles for education, 70.8 million for public health and physical culture, and 30.3 million rubles for social security. These figures reflected the rights granted the workers of Estonia to free education in all educational institutions, free medical assistance, and pensionary support.

The plundering attack of fascist Germany interrupted temporarily socialist construction in Soviet Estonia. During the severe war years the Estonian people, together with other fraternal peoples, bravely defended the freedom and independence of their motherland.

The German-fascist occupation left serious consequences. In industry about 45 percent of capacities were destroyed. Agriculture, especially livestock raising, fell into decay, and the number of cattle was reduced by half. The housing and municipal services suffered greatly, the city of Narva was completely destroyed, and there was great destruction in Tallinn, Tartu, and other cities. The total sum of material damage reached 16.2 billion rubles (calculated the old way). Had there not been the fraternal assistance of the other Soviet peoples, we would have required several decades to attain even the prewar level. But Estonia had a different destiny. As soon as all its territory was liberated from the aggressors as a result of the decisive offensive of the Soviet troops in the fall of 1944, the government immediately adopted an entire series of measures to restore the economy. Trains arrived in the republic one after the other with equipment, raw materials, materials, and food (according to incomplete data, from 1945 through 1948--a total of more than 2.6 billion rubles). To cover urgent expenditures, at the beginning of 1945 a state subsidy of 300 million rubles was allotted from the union budget. With consideration of this assistance, the volume of the first postwar budget of the Estonian SSR was approved for the sum of 686.9 million rubles. The national economy received 290.4 million rubles to finance it while 316.7 million rubles were directed for socio-cultural measures. Soviet Estonia has changed unrecognizably in 42 years. The output of industrial production increased 47-fold. Important structural shifts took place in industry: the branches which determine the rates of technical progress became the main ones--power engineering, machine building, and chemical. Supported by the country's industrial might, Estonia created branches of industry using its own sources of raw materials. In particular, a powerful fuel-energy and chemical complex has been created and is operating successfully on the base of fuel shales. Branches which were historically formed in the republic--metal- and wood-working, textile, footwear, food, fishing, and other branches--developed rapidly. Now Estonia does not lag behind the other union republics in the production of electric power, excavators, oil equipment, mineral fertilizer, paper, cotton fabrics, and in the catching and processing of fish. Its products are known in our country and abroad.

Deep changes took place in agriculture. Instead of the 144,000 individual farms which were present at the end of the 1940's, 143 kolkhozes and 155 sovkhoses are now functioning. The production of agricultural produce almost doubled the prewar level. Transport, housing and municipal services, trade, and domestic services are developing successfully. Today there are five and a half times more students in the republic's higher educational institutions than was the case in bourgeois Estonia, almost 16 times more children visit kindergartens and nurseries, and the number of hospital beds more than tripled, the number of physicians increased 6-fold, and the area of available city housing more than tripled.

Soviet Estonia was able to achieve this thanks to the assistance of all the peoples of the USSR. A large role belongs to the republic's budget. In the 10th Five-Year Plan alone its expenditures increased by 30 percent and comprised 5.4 billion rubles including 2.9 billion to finance the national economy and 2.1 billion rubles for socio-cultural measures.

New lofty tasks in the area of economic and cultural construction are envisioned by the State Plan for the Economic and Social Development of the Estonian SSR for 1982 and the 11th Five-Year Plan as a whole. The volume of commodity industrial production will increase by 15.8 percent during the five-year period. The chemical-shale, instrument-building, and electrical-engineering industries will develop at outstripping rates. Great attention is also being devoted to an increase in furniture production, whole-milk production, and the development of the fishing industry and sea transport.

Important tasks have been set for agriculture. It is planned to increase the mean annual volume of production of agriculture produce by 8.7 percent, including by 12.6 percent in the public sector. Following the party's instructions to convert livestock raising into a shock front, the workers of the village have decided to achieve a milk yield of an average of 4,000 kilograms from each cow and that each head of cattle turned over to the state will weigh at least 450 kilograms. This will be a specific contribution to the country's Food Program which was approved by the May (1982) plenum of the CPSU Central Committee.

In the 11th Five-Year Plan the national income should increase by 15.3 percent, primarily through an increase in the productivity of labor in industry (16.4 percent), agriculture (15 percent), and construction (12 percent). An increase in the productivity of labor will provide 98 percent of the total increase in the national economy, which is equivalent to saving the labor of 87,000 people.

The republic's budget for 1982 has been approved for the sum of 1.2 billion rubles, and with consideration of the rates of economic growth by the end of the five-year plan will reach 1.5 billion rubles. This means that during the years of Soviet power the budget of Estonia is increasing more than 25-fold. This is also evidence of the strength of the socialist economy and a growth in the well-being and culture of the workers.

Just as all Soviet people, the workers of the cities and villages of the Estonian SSR ardently received the call of the CPSU Central Committee to mark the 60th anniversary of the Soviet Union with new labor successes. Nor are the republic's finance personnel standing aloof from the important political event. The socialist obligations

of the collectives of the financial organs for the 1982 jubilee year envision obtaining impressive sums of additional revenues--at least 35 million rubles. In assuming these obligations, the financial organs relied first of all on the obligations of the production collectives: to accomplish ahead of schedule, by 28 December, the annual plans for the output and sale of the most important types of articles and to produce additional products worth 50 million rubles; to increase by 15 percent the proportion of articles with the Mark of Quality, bringing it to 42 percent in the total volume of certified products; and to increase the gross production of agricultural products by almost 12 percent.

Much that was planned is already being realized. The plan for the first half year has been accomplished by 102.2 percent for volume of sales of industrial production. Products worth 34.9 million rubles have been additionally sold, including fabrics, sewing, knitted and leather and haberdashery articles, canned goods, fish, furniture, and many other consumer goods. The output of products of the highest quality category increased. The budget was accomplished for revenues by 102 percent. Ministries and departments basically coped with the planned assignments for payments to the budget from the turnover tax, payments from profit, and other revenues. Local budgets have also been accomplished successfully. Many city and rayon financial departments organized financial-budget work well, analyzed the course of accomplishment of local budgets efficiently, and adopted timely measures for the accomplishment of the plan for revenues and the uninterrupted financing of planned measures.

The socialist competition of the financial organs helped substantially to attain the higher performance indices. In the first half year, the collectives of the financial organs ensured the above-plan receipt of 15.9 million rubles of payments for state revenues and 45.5 percent of the annual socialist obligations. Not a bad start. Personnel of the Tallinn (chief Kh. Tonsiver), Tartu (R. Myall), and Pyarnu (R. Kiizel') city financial departments and the Khaapsaluskiy (chief Kh. Sheripov), Paydeskiy (Kh. Rannik), and Pyarnuskiy (M. Arula) rayon financial departments worked most efficiently. For many years already they bear the honored titles of collectives of communist labor and repeatedly emerged the winners in all-union and republic competitions of financial organs.

The overaccomplishment of the revenue portion of the budget each year permits the republic's government and the ispolkoms of the local Soviets to direct additional large sums to finance urgent needs of the economy: last year 47 million rubles were allotted, in the first half of this year--27.3 million, and for the 10th Five-Year Plan--142.8 million rubles of additional appropriations.

The successes not only please us, but they also oblige us to much. Therefore, the personnel of the Estonian financial organs are striving to capture new positions and achieve even higher indices in economic and monitoring work.

In organizing economic and monitoring work this year, the republic's Ministry of Finance proceeded from the decisions of the November (1981) plenum of the CPSU Central Committee on a further rise in the efficiency of public production, improvement of methods of control and the system for planning and economic incentive, improvement of the selection of personnel, and strengthening discipline of execution in light of the requirements of the 26th Party Congress. Preparations were conducted with special thoroughness for an analysis of the consolidated accounts of ministries

and departments and for accounting checks of the accounts of economic organs and of calculations on payments from profit. The republic's Ministry of Finance issued a special order defining the basic organizational points of this work. A schedule for examining the accounts and times for the submission of conclusions on them to the Council of Ministers of the Estonian SSR was approved. All ministries and departments were informed of the times for the conduct of meetings of activists and enlarged sessions of the boards which are summing up the results of the past year and assuming the socialist obligations for 1982 as well as of the times for the sessions of the breakdown commissions for the participation of responsible officials of administrations and departments of branch financing of the Ministry of Finance in these forums. Seminars were conducted with personnel on the financing of the national economy and on the state receipts of local financial organs which were devoted to the technique of account checks and the economic analysis of annual reports.

All these measures provided an effect. Annual reports for 1981 were received from the ministries and departments on time and with the required quality. Only one report was received late--from the Ministry of the Fruit and Vegetable Industry of the Estonian SSR. Personnel from the administrations of branch financing took part in the sessions of the activists, enlarged boards, and breakdown commissions of the ministries and departments. This strengthened business contacts with their finance services and furthered the joint preparation of recommendations for elimination of shortcomings and the use of economic information in conclusions on the annual reports. The corresponding administrations and departments of the Estonian SSR Gosplan as well as the republic offices of Gosbank and Stroybank [All-Union Bank for Financing Capital Investments] participated in the analysis of the annual reports and the preparation of conclusions.

From the materials on the analysis of the reports for 1981 the corresponding decisions were adopted and specific measures were defined for overcoming shortcomings which had been disclosed. In the branches of the economy 23 million rubles of additional financial resources were disclosed which were directed primarily to cover a deficiency in internal working capital and satisfy their other needs. Eleven million rubles reached the republic's budget from these funds in the form of payments from profit.

In the course of accounting checks of the economic organs' accounts and of calculation of payments from profits, 4.5 million rubles were additionally assessed for the budget, including 1 million rubles for enterprises with union subordination. The extra charges were connected primarily with the enterprises' incorrect inclusion, in the cost price of production, of individual elements of expenditures which should be covered through special sources, with inaccuracies in the calculations of economic incentive funds, and others. This work was organized and conducted better than the others by state revenue personnel of the Tartu (chief of department of state revenues Yu. Khaamer) and Narva (R. Likhusha) city finance departments and of the Khaapsaluskiy (chief of inspectorate of state revenues V. Roasto) and Khar'yuskiy (A. Kyrts) rayon finance departments. The results of the analysis of annual reports and accounting checks were examined at the session of the board of the republic's Ministry of Finance. Administrations, departments, and local finance organs were given recommendations on strengthening monitoring, especially for economy in the management of fuel-energy resources, raw materials, and materials.

A prominent place in the economic work of the republic's financial organs is occupied by their joint participation with management and planning organs in the disclosure and use of reserves for the additional production of consumer goods. During recent years, the output of commodities enjoying mass demand, having a cultural and personal as well as household purpose, and children's variety of articles in the republic increased noticeably. Last year, 34 percent more of such commodities were produced using local raw materials and waste products of production than in 1980, and the budget received additionally about 10 million rubles of turnover tax and payments from profit from their sale. In 1982, even more significance is being attached to this sector.

Much work is to be accomplished in 1982 in monitoring the implementation of the expenditure portion of the budget. To finance the national economy, 659.1 million rubles are appropriated from the budget. Together with the internal resources of the economic organs, investments in the national economy will comprise 1,491 million rubles, which is 8 percent more than last year's expenditures. Almost a third of the sum is intended for the development of agriculture.

In accordance with the decisions of the May (1982) plenum of the CPSU Central Committee, the investment of resources in agriculture will increase even more. The republic's financial organs are obliged to ensure the timely financing and to establish effective monitoring of the effectiveness of use of state funds. For this purpose, the Ministry of Finance of the Estonian SSR conducted an enlarged board meeting at which a plan of measures for accomplishing the decisions of the plenum was discussed in detail and adopted. We posed the task of seeing that each collective and each financial worker has a clear impression of his place and role in the accomplishment of the Food Program and the disclosure of reserves for a growth in the profitability of branches of the agrarian-industrial complex and the effectiveness of the use of funds allotted for their development.

The material well-being of the workers is improving systematically. In the 11th Five-Year Plan in the republic, public consumption funds will increase by 23 percent and the monetary income of the population--by 19.3 percent. The wages of workers and employees will increase by 12 percent and, by the end of the five-year plan, will be an average of 212 rubles, while for mean monthly payment for the labor of the kolkhoz farmers it will be 11 percent and 230 rubles respectively. The republic's budget will allot 491.4 million rubles for socio-cultural needs in 1982, which is 3.1 percent more than in 1981. An entire series of specific measures to intensify the monitoring of the expediency and rationality of use of funds for these purposes is envisioned in the plan of basic problems in the economic and monitoring work of the republic's financial organs for 1982.

The socialist competition of the personnel of Soviet Estonia's financial organs is expanding with each passing day. It is a matter of honor of each collective--to greet the 60th anniversary of the Soviet Union in a worthy manner.

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